



**U.S.- Asia Trade: Workers' Rights, Trade and Development**  
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**Seattle, Washington**

Thank you, Mr. Chairman and members of the Commission for the invitation to speak to you today on behalf of the 150,000 working men and women of the King County Labor Council, AFL-CIO.

The Commission in its work has heard extensive testimony on the consequences and causes of the U.S. trade deficit. When you were in Pittsburgh this October, you heard detailed testimony on the short-term impact of the trade deficit on working families including testimony from AFL-CIO President John Sweeney.

To review some startling facts concerning the deficit raised by previous testimony:

- The merchandise trade deficit is likely to exceed \$300 billion this year, up more than 50% from last year.
- Between 1980 and 1998 manufacturing imports to the U.S. have soared from 54 percent of all imports to 87 percent, while the level of total imports went from \$245 billion to \$914 billion (Source: U.S. Department of Commerce)
- The trade deficit has been a significant contributor to the loss of over 500,000 jobs nationwide since 1998.

We are concerned about the link between the trade deficit and local manufacturing job loss and we are concerned about the loss of export markets due to social and financial instability in Asia.

The industrial sector in study after study is shown to create and maintain high wage/high skills jobs that are accessible to a broader range of workers. Maintaining a viable industrial base is a strategy that increases opportunity for a large segment of working families in our area. The average hourly wage in manufacturing is 20% higher than the median national wage, and manufacturing jobs are more likely to pay benefits.

Historically, manufacturing jobs in Northwest have provided a ladder to the middle class for the thousands of workers who do not have a college degree. Today sixty-seven percent of Seattle's working population does not have a college degree. We are **fortunate** in this area to have a healthy, vibrant industrial area with a low vacancy rate that employs thousands of workers and many union members in livable wage jobs. Unlike other cities, we have not experienced a hollowing out of industrial jobs. But our ability to maintain a viable healthy middle class is under increasing pressure even in this booming economy.

Attached, is a recent study by the University of Washington's Northwest Policy Center on new jobs being created in our area. This study found that a living wage in our area for a single adult with two children is \$16.86 an hour based on what is needed to meet basic needs. If you turn to the chart on page thirty-seven of the study, you will see that **seventy-two** percent of all job openings pay less than the living wage of \$16.86 an hour for single adult with two children. Clearly as we lose manufacturing jobs we cut out rungs on the ladder of economic opportunity for a majority of our workforce.

The social turmoil and financial crisis that has affected East Asia has slowed U.S. exports and contributed to rapid growth in U.S. imports. We see the reality of the national trade deficit everyday. As any member of the International Longshore Workers Union working at the container terminals at the Ports of Seattle and Tacoma can tell you, we send out a tremendous number of containers filled only with air. And, we are experiencing record breaking levels of in-bound containers full of high value imports from Asia.

Part of the problem we face today is of our own making. The U.S. has followed a set of trade policies that condition access to our markets on the adoption by our trading partners of a one-sided set of policies that focus only on economic factors. This formula requires deregulation, fiscal austerity, privatization, financial liberalization and labor market flexibility. It neglects domestic demand and relies solely on secondary effects of multinational investment to spur domestic growth.

Independent unions can act as a countervailing force to entrenched economic power and can address income inequality and unequal sharing of productivity gains spurring domestic demand. Under our current trade policy, the suppression of unions is ignored. By ignoring factors like the concentration of power and wealth, suppression of civil institutions and viable countervailing forces we have followed a policy that has created ticking time bombs not long-term trading partners.

The current international trading system rewards corporations and elites that abuse workers' rights rather than reinforcing respect for human rights. A sustainable international trading system must incorporate enforceable workers' rights and environmental protections into all its rules. That means every worker — from America to Malaysia to Zaire — is entitled to basic human rights: freedom from child labor; freedom from forced labor; a workplace free from discrimination; and the freedom to join together and bargain collectively to balance the overwhelming power of global capital.

These basic rights are being denied to people around the world. Each year, more than millions of children go to work instead of to school, producing for export markets clothes and shoes and basketballs they'll never have a chance to play with, while their parents go without jobs.

Working people who try to join together in unions to gain living wages and safe and decent working conditions are persecuted beyond belief. Around the world last year, more than a thousand trade unionists were killed, thousands more were arrested and imprisoned, and tens of thousands more were fired from their jobs -just because they wanted to work together to create a better life for their families and their communities.

It is our belief that a trade policy that conditions market access not just on the openness of a country's markets but also the strengths of its civil institutions secures the long term viability of our trading partners. We have seen important markets for the Northwest like Indonesia go from an Asian tiger to a society in chaos with riots, plummeting incomes and currency devaluation. We pursued a policy that at its root is based on the idea that increased GDP is the only measure of success even if the economy is dominated by an oligarchic class that concentrates wealth and power. We turned a blind eye to the Indonesian government's corruption, suppression of democratic institutions, and prohibitions of free trade unions. We were told that trade over time would "civilize" the human rights situation. Instead, we have lost trading opportunities, an economy is in shambles and a society is unraveling. The handling of the financial crisis would be far different if Indonesia had developed institutions that enabled the voice of the people to be freely expressed, if there were unions that gave workers a voice in economic affairs, and if instead of rioting in the streets, the people of Indonesia had the means to debate critical issues in the halls of power.

We are repeating the same mistake with China. The recent deal negotiated by the U.S. Trade Representative for China's accession to the WTO had everything to do with open markets and nothing to do with the openness of its society. We believe that new WTO members must be in compliance with core workers' rights **before** they are admitted — and that means that if human rights and workers' rights have no place in China, then China has no place in the WTO. As AFL-CIO President John Sweeney said recently, "It is hypocritical of the Clinton Administration to pledge to 'put a human face on the global economy' while prostrating itself in pursuit of a trade deal with China - a rogue nation that decorates itself with human rights abuses as if they were medals of honor. By continuing to persecute dissenters, to imprison labor leaders and worker activists and to export goods produced by slave labor, China shows it has no interest in playing by even the most basic rules of the world community."

Free and independent trade unions are not permitted in China. Trade union organizers are subject to extreme penalties. For example, China recently sentenced two railroad workers to a forced labor camp for simply protesting against unpaid salaries. Income inequality is accelerating with increased wealth and power lodged in the hands of an oligarchy. Countervailing forces are ruthlessly suppressed. The leaders of a benign meditation group are now threatened with execution. When China implodes, as it

inevitably will, under the weight of an unbalanced political economy, the consequences for the U.S. will be severe.

We will not begin to resolve our trade deficit situation, and our lack of domestic consensus on trade issues, until we develop international rules and standards that require open societies as well as open markets for access to the international trading system. We will not resolve our situation until we support institutional development in our trading partners that increases the power of the many to offset the destabilizing concentrated power of the few. We will not resolve our situation until we have in place global enforceable rules for core workers rights' and environmental protection for any country that wishes to participate in the international trading system.



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# NORTHWEST Job Gap STUDY

## SEARCHING FOR WORK THAT PAYS

NORTHWEST POLICY CENTER AND  
NORTHWEST FEDERATION OF COMMUNITY ORGANIZATIONS

JANUARY 1999

# WASHINGTON

## WASHINGTON KEY FINDINGS

Key findings for Washington are:

- The living wage for a single adult is \$10.25 an hour. This is based on what is needed to meet basic needs and provides some ability to deal with emergencies and plan ahead. The living wage for a single adult with two children is \$16.86 an hour.
- Forty one percent of all job openings pay less **than** the \$10.25 an hour living wage for a single adult. Seventy two percent pay less than the \$16.86 an hour living wage for a single adult with two children.
- For each job opening that pays at least the \$10.25 an hour living wage for a single adult, there are five job seekers on average. For each job opening that pays at least the \$16.86 an hour living wage for a single adult with two children, there are 12 job seekers on average.

## WHAT IS A LIVING WAGE?

Living wages for Washington, which reflect family budgets as shown on the following page, are:

- For a single adult household, \$2 1,322 a year or \$10.25 an hour.
- For a single adult with one child, \$27,288 a year or \$13.12 an hour.
- For a single adult with two children, \$35,079 a year or \$16.86 an hour.
- For two adults, one of whom is working, with two children, \$29,023 a year or **\$13.95** an hour.
- For two adults, both of whom are working, with two children, \$38,369 a year or \$18.45 an hour (which means that the combined wages of both working adults needs to total this amount).

These are statewide averages. In some areas, costs are higher (particularly for housing and child care) and, as a result, living wages are higher. In other areas, including most of the state's rural areas, costs and, therefore, living wages are lower. Living wages for higher cost and lower cost areas are:

	Higher Cost Areas	Lower Cost Areas
Single adult	<b>\$10.43/hour</b>	<b>\$9.50/hour</b>
Single adult with one child	<b>\$13.49/hour</b>	<b>\$12.16/hour</b>
Single adult with two children	<b>\$17.59/hour</b>	<b>\$15.47/hour</b>
Two adults (one working) with two children	<b>\$14.16/hour</b>	<b>\$12.89/hour</b>
Two adults (both working) with two children	<b>\$19.17/hour</b>	\$17.1 l/hour

Washington's higher cost areas are King, Pierce, Snohomish, Spokane, Clark, Kitsap, Yakima, Thurston, Whatcom, Benton, and Franklin counties.

## WASHINGTON FAMILY BUDGETS (in 1996 DOLLARS)



	Household 1	Household 2	Household 3	Household 4	Household 5
Food	141	263	331	462	462
Housing & Utilities	<b>488</b>	615	615	615	615
Transportation	372	321	364	333	390
Health Care	64	117	132	162	162
Child Care	0	170	602	0	602
Household, Clothing & Personal	230	284	312	340	352
Savings	144	178	195	212	220
State, local & Federal Taxes	338	327	372	<b>296</b>	395
Gross Monthly Income Needed	1,777	2,274	2,923	2,419	3,197*
Gross Annual <b>Income</b> Needed	21,322	27,288	35,079	29,023	36,369*
Living Wage (at 2060 hrs/yr)	\$10.25	\$13.12	\$16.86	\$13.95	\$18.45*

Household 1 is a single adult

Household 2 is a single adult with a school-age child (age 6-8 yrs)

Household 3 is a single adult with a toddler (12-24 months) and a school-age child (age 6-8 yrs)

Household 4 is two adults (one of whom is working) with a toddler and a school-age child

Household 5 is two adults (both of whom are working) with a toddler and a school-age child

\*Total amount earned by two working adults

Washington's minimum wage is about 50 percent of the living wage for a single adult and about 30 percent of the living wage for a single adult with two children. The state's average annual wage (\$28,871 in 1996) is 135 percent of the living wage for a single adult and 82 percent of the living wage for a single adult with two children.

## ARE WE CREATING ENOUGH JOBS THAT PAY A LIVING WAGE?

There were about 1.8 million working age households in Washington in 1996, but only about 1.5 million jobs that could support a single adult and about 610,000 jobs that could support a single adult with two children.

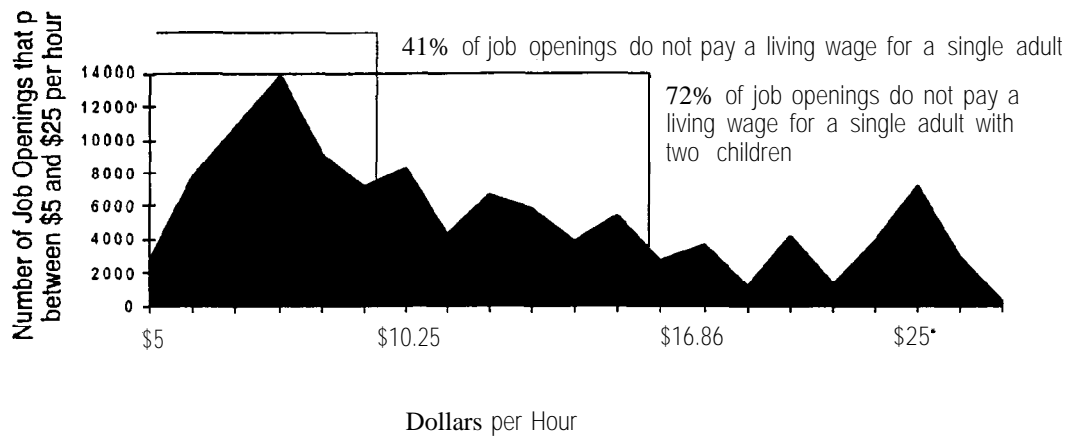
Thirty seven percent of all jobs in the economy pay less than the \$10.25 an hour living wage for a single adult and 73 percent pay less than the **\$16.86** an hour living wage for a single adult with two children.

Of all job openings, 41 percent pay less than the \$10.25 an hour living wage for a single adult, as shown in the chart below. Seventy two percent pay less than the \$16.86 an hour living wage for a single adult with two children.

It is important to note the distinction between jobs and job openings. Not all jobs come open during a year. Job openings are of particular interest because they provide employment opportunities to people looking for work.

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## WASHINGTON DISTRIBUTION OF JOB OPENINGS BY WAGE RATE



There are few job openings in the economy that pay more than \$25 an hour. Due to lack of space they have not been included here.

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In addition, there are more people looking for work than there are job openings that pay a living wage. As shown in the table on the following page, job gap ratios, which compare job seekers to job openings, are:

- For each job opening, regardless of pay, there are three job seekers on average.
- For each job opening that pays at least the \$10.25 an hour living wage for a single adult, there are five job seekers on average.
- For each job opening that pays at least the \$16.86 an hour living wage for a single adult with two children, there are 12 job seekers on average.

For those job openings that pay a living wage and require at most some combination of a high school diploma, on-the-job training, work experience, and/or post-high school vocational training, the competition may be even stronger. Fifty three percent of all job openings that pay at least the \$10.25 an hour living wage for a single adult require that amount of education and training. For those job openings that pay at least the \$16.86 an hour living wage for a single adult with two children, the proportion is 24 percent.

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## WASHINGTON JOB GAP RATIO

	<u>Household 1</u> <u>\$10.25</u>	<u>Household 3</u> <u>\$16.86</u>	<u>All Job</u> <u>Openings</u>
Seekers	357,243	357,243	357,243
Job Openings	68,382	30,606	120,765
Job Seekers per Job Opening	5 to 1	12 to 1	3 to 1
Percent of all Job Openings paying less than a living wage	41%	72%	

Job gap ratios are calculated by dividing the number of people who were looking for work at some point during 1996 by the number of job openings that year. Job seekers total 357,243, which equals about 13 percent of total employment in the state. Job seekers include the unemployed (about 59 percent of the total), involuntary part-time workers (30 percent), and discouraged and marginally attached workers (11 percent).

Job openings total 120,765 and include job openings due to growth (about 45 percent of the total) and job openings due to net replacement (55 percent).

As shown in the chart below, 68,382 of the 120,765 job openings pay at least the \$10.25 an hour living wage for a single adult. And 36,139 of these job openings pay at least the \$10.25 an hour living wage for a single adult and require at most some combination of a high school diploma, on-the-job training, work experience, and/or post-high school vocational training.

## FINDINGS FOR WASHINGTON

